DOCUMENT RESUME

ED 311 100 UD 026 966

AUTHOR	Boulet, Jacques
TITLE	Children in a Fiscally Distressed Environment: The Case of Michigan Chapter Six .
SPONS AGENCY	National Inst. of Education (ED), Washington, DC.
PUB DATE	Jun 83
GRANT	NIE-G-82-0018
NOTE	67p.; For document in which this is a chapter, see UD 026 960.
PUB TYPE	Reports - Research/Technical (143)
EDRS PRICE	MF01/PC03 Plus Postage.
DESCRIPTORS	Adolescents; *After School Programs; Childhood Needs; Child Welfare; *Economic Factors; Family Programs; One Parent Family; *Poverty; *Retrenchment; *School Age Day Care; Social Services; State Programs; Welfare Services
IDENTIFIERS	*Michigan

ABSTRACT

This analysis is the sixth of a series of seven reports on the ways that the urban fiscal crisis has affected children. Michigan's depressed economy, retrenchment of public finances, and attendant effects on local government have changed both the process of providing services to early adolescents and the nature of the services themselves. Despite significant efforts at budget reform, the decline of the automobile industry, and reductions in Federal support to State and local government seriously eroded Michigan's ability to maintain children's and social services. Most directly affected were several traditionally vulnerable groups, including children, welfare recipients, minorities, female headed households, and the "new poor." After school day care programs had never been a high budget priority and were among the first to be eliminated during retrenchment. Demand for all kinds of public services has been rising from welfare recipients, single parent households, and the working poor since high State unemployment levels have prohibited any possibility of their finding additional income from work. Many families have been forced to find alternative solutions, including moving in with relatives, day care by older siblings, and latch-key arrangements. Interviews with program directors and coordinators revealed a limited range of strategies for service delivery involving the use of school personnel and facilities. A chart illustrating state budget adjustments and 12 tables of statistical data are included. A list of informants and their institutional affiliations is appended. (FMW)

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Children in a Fiscally Distressed Environment: The Case of Michigan

By

Jacques Boulet
University of Michigan

(Follows under separate cover)

UD 026 966

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Michigan: Child-Care in a Fiscally Stressed Environment

This paper examines how Michigan's depressed economy, retrenching public finances and attendant effects on local government have changed the process of providing children's services, and the nature of the serivces themselves. We will focus on services designed for early adolescents, although our analysis will occasionally reference a broader range of activities.

The Michigan economy is the setting against which we will examine these programs. A suggestive summary of how bad the State's economy and its fiscal environment really is, as former Governor Milliken noted last year (Milliken, March 10, 1982:1):

> "We are tonight in the midst of the second of two back-to-back national recessions. They have left depression conditions in Michigan.
>
> The effects of the recession have included slumping auto sales that last month fell to the lowest level in 32 years, record high unemployment and welfare cases, record high interest rates which have increased state costs and jeopardized our economic recovery efforts, declining retail sales and other factors that have resulted in a sharp drop in anticipated revenue, and federal actions that have meant massive cuts in federal funds for Michigan."

Despite significant belt-tightening measures, the paralyzing effects of the crisis in Michigan's industrial mono-culture--the auto industry, coupled with reductions in federal support to state and local government, seriously eroded Michigan's capacity to maintain programs and services. An early casualty was children's and social services, which were seriously under-

mined by the condition of the state's finances. Most directly affected were several traditionally vulnerable groups--children, welfare recipients, minorities, female headed h seholds and the "new" poor--those displaced from jobs in the declining industrial sector.

This chapter explores the ways in which the current fiscal climate in Michigan has affected a variety of services directed at children:

- services provided by school systems: e.g. summer programs, camping, sports and fine arts, etc.;
- public libraries;
- leisure and recreational services, including parks, playgrounds, sports facilities;
- recreational and educational services, including arts programs, organized activities in "membership" organizations or in class-like settings;
- finally, "regular" day-care as offered by public and private providers, either on an individual or on a group basis.

Although this is an eclectic set of services, evidence of their importance to children and families is established (the Children's Rights Group (in particular, 1979), Levine (1978), Rubin and Medrich (1979) and Medrich et al. (1982), Zigler and Gordon 1982).

We will examine dqaa on both the demand and the provision of these services. On the provision side we will explore general fiscal trends in the state affecting these services as well as specific factors affecting the budgets and level of services of these particular agencies. On the demand side

available data on trends in use will be examined, and we will also explore the gaps that have emerged between service levels today and patterns of use typical in the past.

The State's Fiscal Climate

To place this chapter in context, we must begin by exploring the fiscal conditions that are affecting the state's capacity to provide children's services and commit funds to the agencies so authorized.

The Michigan economy has been in recession since mid-1979, except for a brief period in 1981; it is the worst economic downturn in this State since the Great Depression. The main reasons for this downturn have been dependency of the State on the auto industry; and the more than average impact of the federal fiscal crisis and resulting budget cuts on Michigan.

At its peak, approximately 365,000 state residents were directly or indirectly dependent on the automotive industry: this constitutes 30% of the State's manufacturing employment. In a one year period, October 1980-81, domestic auto sales declined by 26.7%. Auto production within the same period was down 20.7%, leading to 90,000 to 120,000 indefinite layoffs. (Data are compiled from Michigan Department Budgets--see Bibliography). As a result, Michigan unemployment was as high as 17.2%, or 772,000 people in November, 1982.

The regional differences within the state are significant: 4 areas fluctuate around 10% joblessness, whereas others, par-

ticularly those dependent on manufacturing, remain in the upper teens and over 20% unemployment.

The impact of unemployment on different groups of the population had varied widely: some regions post an unemployment rate amongst Blacks between 30% and 50%. Black adolescents are particularly hit: over 70% of 16-19 year-old Blacks are unemployed in Pontiac and other parts of Metropolitan Detroit as well as in Flint.

The high costs of borrowing money affected not only the auto industry: only 136 housing permits were issued for the entire state in January, 1982; this was 61.4% off from January, 1981, marking a steady decline from January, 1978 onward (yearly figures include: 31,644 permits issued in 1979; 23,328 in 1980, and finally 9,890 in 1981).

The greater than average impact of inflation in Michigan--however abated it has been in recent months--diminished significantly both buying power and discretionary incomes of consumers. Food and energy costs were the main factors behind inflation; together with high interest rates, they prevented spending of the discretionary dollar, vital for economic activity, let alone recovery.

Finally, in addition to the previous factors, a series of straight salary or wage reductions occurred as a result of concessions by the unions over the last two years. This further weakened the potential for recovery.

Michigan in the Federal Context: Federal Fund Imbalance

Historically, Michigan has received far less funds from the Federal Government than it has contributed in terms of collected taxes. The negative federal balance of payments has had a severe impact on the state. The Spending/Tax ratio for Michigan fluctuates between .65 and .70, ranking 49th or 50th among all states. Michigan's tax dollar outflow in 1980 was $23.7 billion (among the five highest). Federal assistance in 1980, on the contrary, only amounted to 15.4 billion, accounting for a $7 billion "loss". Some of the reasons for this disparity are summarized below:

a. Matching formulas

These are mostly based on per capital personal income and do not take into account unemployment, regional cost of living differences, relative tax burden, or relative welfare burden. Hence, Michigan receives only the minimum 50% federal match; most of the sun-belt receives 60%.

b. Defense spending

The Northeast-Midwest Institute (1981) estimates that 80% of domestic defense spending goes to the South and the West (Anton, 1982).

c. New federalism

Michigan's State Budget has been cut by $50 million due to the Block Grants policy-changes alone. This ignores other cuts like tax-reductions and other supply-side strategies.

d. Indirect losses

These are losses which occurred because of federal cuts without affecting Michigan's State Budget. The 1982 losses can be summarized as follows:

- $123 million in student loans
- $213 million in CETA
- $150 million Trade Readjustment Act Benefits (TRA)
- $240 million Housing Assistance
- $ 58 million Urban, Economic Community Development Grants

It is estimated that Federal Funding losses will total over $3.2 billion for the two year period (1982, 1983).

FY '82 total cuts	$1.116 billion
FY '83 continued from '82	$1.125 billion
New '83 reductions	$ .845 billion
Total	$3.211 billion

Because of the absence of a significant redistributive mechanism on the state level as well, and given the overall condition of Michigan's economy, the impact of the losses on local economies will be very substantial, in turn reinforcing the downward trend.

The convergence of the losses in state and federal revenues has had a devastating impact on the State budget, which will be described in the following section.

The State Budget: Continued Decline and Emergency Measures

The development in Michigan's Unrestricted (GF-GP) Revenue over the last years is summarized in Table 1.

[Table 1 here]

The 1982 budget process describes the general situation, and the interplay of federal-state fiscal conditions.

The initial 1982 budget proposal, introduced in spring 1981 amounted to $4,925 billion. Predictions, supported by the President's economic recovery plan indicated that the declining

TABLE 1

State of Michigan, Unrestricted Revenue

	1978	1979	1980	1981	1982	1983*
Amount (mill)	3,863.5	4,314.2	4,456.2	4,343.2	4,270.0	4,600
% Change	-	11.7	3.3	(2.5)	(1.7)	(?)
Real Change	-	6.4	(4.8)	(10.2)	(?)	(?)

*Projected

[following page 6]

situation was soon to turn around. Unfortunately, only three weeks into the fiscal year, in October 1981, an Executive Order by the Governor reduced the projected revenue by $270 million. In December a new order was issued, directing every Department to "lapse" 4% of their budgets, across-the-board; in March 1982, the Governor appeared on TV to announce a further downturn: he offered a "rescue plan" with further cuts of $450 million, wage concessions by State employees and a 1% increase in personal income tax, effective until the end of the fiscal year, September 1982. The total of the FY 1982 reductions was 627 million dollars. But things continued to deteriorate and in order to meet the constitutional requirement of a balanced budget (which is essential for borrowing to meet cash-flow shortages in the fall each year), new cuts were proposed, this time mainly directed toward the Department of Education. The Legislature rejected the Governor's proposal, and instead worked out some shifting strategies, cutting Education during this fiscal year (ending on September 1), but restoring the funds by June 30, 1983, the last day of the schools' fiscal year.

The cash-flow shortage deserves some mention, because it adds to the problem; the so-called "Moody-rating" sets the interest rates for State-borrowed money according to the overall economic and fiscal situation of the individual states, making the interest rates higher by less favorable ratings. While Michigan was rated M-1 in 1980, it was able to borrow the needed $500 million at an interest cost of $35 million. In 1981, after

economic deterioration, M-2 was applied, at a cost, for the same amount of borrowed money of $70 million. The 1982 rating was set at M-3, projecting interest costs of over 120 million dollars, and threatening again the precarious budgetary balance. Without the $500 million, the State would have been unable to open schools, colleges, or universities until after January 1983. A deal with a Japanese Bankers Consortium was negotiated, in which the group agreed, for a price of $5.6 million, to underwrite the contract with its own M-1 rating.

In the meanwhile, 12,000 State employees have been laid-off since the beginning of the recession; increased cigarette taxes are projected; wage and salary concessions have been asked even as the demand for public services is increasing in a whole array of areas.

The Budget for Human Services: Social Services, Education and Recreation

For the state, budget reductions in FY 1981 and 1982, as compared with the 1980 expenditures, totaled over $400 million. The following overview indicates the relative importance of the cuts for different sectors.

[Table 2 here]

The total Michigan Department of Social Services (MDSS) budget for FY 1982 was projected at $3,424 millions, specified as follows:

TABLE 2

Summary of Department of Social Services Reductions

		FY 1981-82 reductions			
Category of Savings	FY 1981 reductions	P.A. 35	E.O. 1981-9	E.O. 1982-3 proposed	FY 1982 Reductions
Administration	15,989,000	2,886,000	18,720,000	9,989,000	31,595,000
Social Services	33,965,000	4,493,000	34,142,000	300,000	38,935,000
Direct Support	55,090,000	38,548,000	76,925,000	23,500,000	138,973,000
Medicaid	31,920,000	31,825,000	21,215,000	3,100,000	56,140,000
Total	137,964,000				265,642,000

Source: Michigan DSS, Office of Planning, Budget Evaluation, April 6, 1982.

E.O. = Executive Order

[following page 8]

Direct Support Grants (AFDC, GA, etc.)	1,396 million	= 41%
Medical Services Grants	1,311 million	= 38%
Program Administration	412 million	= 12%
Department Administration	176 million	= 5%
Social Services Grants (incl. Day Care)	129 million	= 4%

Contrary to predictions, welfare caseloads did not decrease, placing a staggering burden on the agency.

[Table 3 here]

After a slight decline in spring-summer of 1982, largely due to changes in standards and eligibility, the September 1982 rates were up again, by 1,000 for AFDC And by 3,000 for FA. Moreover, AFDC-U (Aid to the Unemployed) is likely to grow even more rapidly as an increasing number of laid-off workers exhaust their Extended Unemployment Benefits.

As a consequence of these budgetary reduction, the Day Care program of the Department of Social Services underwent major changes. Day Care benefits were provided mostly to welfare recipients who were involved in training programs, and to those who were working in low-paying or part-time jobs. It was considered to be part of the work-incentive package. Federally induced eligibility changes eliminated 25% of the families (approximately 2,500) receiving day care assistance. Michigan lost 30 million Title XX dollars which previously funded day-care; consequently, the Department had to transfer those payments to Title IV-a, where day-care is considered an "expense of employment" or a "special need," and families are expected to pay for day-care services out of their expanded grant.

Overall, the loss of funds for day care alone reached to

TABLE 3

Evolution of Caseloads in Selected Major Program Areas

Program Area	77-78	78-79	%inc	79-80	%inc	80-81	%inc	81-82	%inc
Avg. Mo. Caseload									
AFDC	194.7	200.1	2.8	219.8	9.9	241.2	9.7	233.4	(3.2)
GA	41.6	48.3	16.1	77.1	59.6	107.7	39.7	111.9	3.9
FS	198.8	233.5	17.5	320.2	37.1	385.7	20.5	387.7	0.1

Source: MDSS, April 6, 1982.

AFDC = Aid to Families with Dependent Children
GA = General Assistance
FS = Food Stamps
All caseload numbers are in thousands and are "Average Monthly" for the FY's.
1982 figures calculated through 1/31/82.

[following page 9]

$9.5 million or 45% of the previous year's amount. As mentioned above, the consolidation of all social services programs authorized under Title XX of the Social Security Act into one Block Grant was accompanied by a 20% or $30 million cut; the proposal for FY 1983 for that Block Grant calls for an additional reduction of 18%, or $18.7 million over two years. This implies a virtual shift of funding responsibilities to the State, which will have to make its own decisions concerning priorities in programs and services.

Other major cuts affecting (extended) day care services include a 15% cut for 5 community centers and a 50% reduction in "Donated Funds," both part of the Title XX Block Grant. The latter funds supported a whole array of small community programs, including recreation and day care, with matching monies. The impact of those changes on county and local agencies and on recipients will be discussed in subsequent sections of this paper.

The Department of Education

The level of State funding for education dropped from FY 1980 to FY 1981 by more than $223 million; this constitutes a 30% cut in all categorical programs, including school breakfast and lunch programs, vocational programs, special and bilingual education, and alternative programs.

Another important reduction involved State assistance to districts with declining enrollment, or with capital outlay needs, the latter being a tax-relief program. The impact of

initially planned federal budget cuts could have been devastating; Michigan would have lost around $40 million, mainly in the lunch programs, but equally in the Title I and Special Education programs, the first assisting low-income educationally disadvantaged children, and the latter aimed at handicapped children. The hardest hit school districts would have been the larger urban areas. Strong opposition restored much of the planned reductions, so that the final loss for Michigan amounted to $3 million.

Yearly State funding for local public libraries did not decline significantly over the last three years: it fluctuated around $7.7 million. But this mean an effective loss in terms of "purchasing power" on the part of the recipient libraries. The consolidation of public library and school-funding, equally led to a de facto cut in the former's disposable funds by 20% due to the reduction in state aid for local school districts. The State Library itself, an agency providing funds and services for local libraries as well as for several government functions, had to reduce its staff by 40 (30-40% of total staff), making communication with the field minimal.

The impact of reductions in the Child Care Food Program is comparable to the reductions in the School Lunch Programs; total free meals were down by approximately 500,000 in June, 1982 (as compared with June, 1981); a steady monthly decline can be observed since mid 1981.

The Department of Natural Resources

This department was one of the hardest hit in the State, affected severely by the convergence of governmental action and economic recession during the past years. Approximately 50% of State funds have been cut over the last two years. The following overview details some of the main reductions within the Department's Recreation program, which is of most interest here.

[Table 4 here]

State parks have lost 25% of their permanent work force. The number of beaches with lifeguards diminished from 37 to 9. Six outdoor centers have been closed. Closing of four out of eight interpretive facilities is planned, and only two of the remaining four will have staff. The Recreation Services Division, which gives technical and planning assistance to state and local agencies, had 10 full-time employees and a budget of $430,000 in 1981-82. The series of budget cuts and executive orders have reduced the budget by $126,500, and cost four staff. The division is to be closed completely in 1983.

[Table 5 here]

In the forest recreation program, 40 state forest campgrounds have been closed and the cross-country ski program has been eliminated. The Department is no longer able to maintain hiking trails.

The top priority within the Department remains "Public Health and Safety" and "Hazardous Waste Disposal." Those pro-

TABLES 4 & 5

Michigan Department of Natural Resources

TABLE 4

Parks

	1979-80	1982-83	Diff.
Total	$15,665,900	$15,350,900	$(315,000)
General Fund	7,258,900	3,550,900	(3,708,000)
Positions	665.9	524.8	(141.1)

TABLE 5

Forest Recreation

	1979-80	1982-83	Diff.
Total	1,632,600	740,900	(892,200)
General Funds	1,454,700	120,400	(1,334,300)
Positions	64.0	21.2	(42.8)

[following page 12]

grams have not been affected, again suggesting that human services and social services have suffered the greatest service reductions.

The "Taxpayers' Revolt" and the Condition of Michigan's State Government

At this point, some remarks must be made regarding two trends evident in Michigan, as in the rest of the nation: the so-called taxpayer's revolt, and the call for private organizations to take over the role of the state in charity, education, and recreation on other programs.

Michigan's TaxPayers' Revolt

As in many other states, Michigan's "new middle class," particularly better skilled workers, have been the primary constituency of the taxpayers' revolt.

Basically, the movement for tax reduction started in the early seventies, when the first signs of a crisis in Michigan's economy became apparent. While the 1971-72 recession saw a series of state budget reductions and tax increases, the strong recovery of 1973 led to a spending increase of 13%, and the year ended with a 200 million dollar state surplus. This fueled the first attempts to cut taxes, both for business and individuals. Public concern over the size of the surplus forced the administration to use those $200 million to balance the 1974

budget, and when a series of tax cuts took effect in 1975, the state budget had to be cut by over $109 million to achieve the "balanced budget" required by the Michigan Constitution. 1976 foreshadowed the situation which emerged from years later:

> "The previous tax cuts all remained in effect. Spending was cut $q23.7 million by executive order. Borrowing added $68 million. Extending the fiscal year to September 30 added an estimated $207 million. A one-time cash-flow boost from the adoption of the Single Business Tax contributed $240 million. Accruing utility property tax collections added $60 million. An extraordinary DSS (Department of Social Services) lapse saved $55.3 million, and utilizing teachers' pension fund contingency reserves added $34.6 million.
>
> All told, budget reductions totaled $179.0 million, and revenue increased through borrowing, accrual, or cash-flow added up to $609.6 million, ending the year with a $29 million book surplus." (House Taxation Committee, 3/18/83).

To avoid this kind of crisis management, the Budget Stabilization Fund (BSF) or "rainy day" fund was created by P.A. 76 of 1977. It established a formula, tied to real (inflation adjusted) economic growth, that required pay-ins to the fund in good economic years and allowed pay-outs in bad years. The rainy day fund thus not only provides a "savings account" for bad years, but it also, and most significantly, limits the <u>rate of growth</u> of state government: a real growth in Michigan Personal Income, greather than 2% causes a pay-in to the fund and would effectively limit spending increases for subsequent fiscal years.

Despite the enactment of that law, a petition drive in June, 1978 sought to limit the increases in government expendi-

tures to the rate of increase of the Consumer Price Index. It also proposed to limit the State-assessed property valuation and to prevent the State from reducing its proportion of support for local programs (the matching formulas). The State would equally have to fully fund any new program it requires or intends to expand on the local level.

At the 1978 general election, Proposal E (the "Headlee Amendment" to the Michigan Constitution) succeeded by a vote of 52.5% to 47.5%. It took effect in December 1978, except for the State Spending Limitation, which applied from the beginning of FY 1980, in October 1979.

Some of the provisions of the Headlee Amendment are summarized below:

- The Tax and Spending limitation for the state is set at 10.01% of total personal income during the previous calendar year. It thus fixes--in a lagged relationship--the growth of state expenditure. Given economic conditions in the state, however, the effective proportion of state spending did not exceed an estimated 8.5% of total personal income for FY 1982, or 7.8% for FY 1983. Ironically, the limit would have allowed the state to collect $2.2 billion more in taxes for FY 1983 than is actually planned.

- The Local Share/Section 30 internal balance requirement is a feature of the Amendment which, although difficult to understand, has important consequences. The House Taxation Committee's (1983) report describes this feature as follows:

"Even those analysts who correctly noted its potential effects in 1978 failed to realize how rapidly they would begin to impact on the state budget process.

Section 30 also took Fiscal 1979 as its base year and mandated that the share of total state spending (less federal) going to local governments that year become a fixed slice of the pie. That 41.6% ratio meant that the FY 80, 81, 82, 83, etc., budgets had to allocate 41.6% of their total spending to local governments as a whole.

The Section 30 requirement, like other features of the "Headlee" amendment, excludes federal funds. The following example approximates the conditions that will exist in Fiscal 1983 following supplementals, the executive order, and the tax increase:

TOTAL STATE SPENDING	$7,782.3 million
Section 30 Factor	x .4161
REQUIRED LOCAL SPENDING	3,238.2
Estimated actual local spending	3,112.9

Potenital FY 83 Sec. 30 shortfall ($125.3) million

If this estimated Sec. 30 shortfall is realized, by statute it becomes the first responsibility of the Fiscal 1984 budget.

The general impact of state and federal budget reductions and the related taxpayers' revolt have seriously undermined Michigan's capacity to support all but the most basic services. The overall situation is reviewed on the following page. We turn now to the consequences of these fiscal conditions on various children's services in the state.

The Effects of the Fiscal Crisis on Local Service Delivery

With this discussion of Michigan's budget as background, we turn now to the various programs and services which represent our analytical focus--those provided by public schools;

CHART 1 [Source:

STATE BUDGET ADJUSTMENTS

State	*Budget Events*	*Tax Policies*	*Spending Priorities*	*Special Issues*
Michigan	Three executive orders cut $559 million (more than 12%) from FY 1982 budget. Emergency tax and revenue increases added $339 million to balance budget. These follow steep FY 1981 cuts. FY 1982 budget imbalance created by $681 million recession-related shortfall in revenues, $344 recession-related increase in social program costs, $90 million in extra interest on short-term borrowing. Before June 1982 temporary income tax increase, FY 82 general fund revenues were below FY 1980 levels. FY 1983 budget shows 3.4% spending increase.	Adopted six-month increase of 1 percentage point in income tax. State has preserved all property tax relief programs.	1. State made decision not to restrict welfare eligibility in face of recession. Added $266 million in unbudgeted costs because of high unemployment rates. 2. Higher education absorbed largest FY 1982 budget reductions, though state has budgeted for restoration in FY 1983. 3. AFDC grant increase for FY 1983 will be deferred. Medicaid cost-containment given emphasis. 4. State reductions in school aid have raised local share of school costs. Special education aid cut more than basic aid. 5. Employee wages renegotiated downward. Mandatory days off.	State is under continuing pressure from referenda initiatives to further reduce property taxes. Fall 1982 initiative proposes 75% reduction in property taxes levied for schools. Headlee amendment requires that aid to local governments not fall below 41.6% of state budget. This has constrained budget adjustments.

[following page 16]

public libraries; leisure and recreational services (including educational and arts programs); and traditional day care. One objective is to understand how the current situation of these services may be affecting the prospects of pre-adolescent and early adolescents, who are traditionally quite dependent upon them for out-of-school activity settings and opportunities.

Here we are principally concerned with political-administrative entities, counties and cities of varying sizes, which provide financial support, services and programs, and which also draw their own revenues or distribute funds from federal or state sources. This level furthermore includes private not-for-profit and for-profit (entrepreneurial) agencies and organizations providing direct services and support to people of a certain geographical area or to certain categories of recipients.

Although these agencies and organizations might be very different in their programs, intentions and purposes, philosophy, size and finances, their <u>societal function</u> is virtually identical--they perform recognized, valued socialization and developmental tasks for younger people.

Their potential for responding to the particular need of recipients is of course very different; many services might be completely out of reach for certain groups of people; others might not "fit" the needs. Hence, however similar their societal function and their general orientation, they must be differentiated in terms of the <u>nature</u> of the needs they respond to (e.g., how "basic" vs. "marginal" they are) and in terms of the

specific population group they are targeted at (e.g., the poor, single-parent families, welfare recipients, working middle-class families, the "well-off", etc.). Further, the sources of support for these programs tends to be broad and eclectic. Even locally derived monies can come from many sources--from different county or city budgets, from state allocations, from millages (local tax levies for schools), from public and non-public grants, and finally--and increasingly so--from user fees and payments.

The Service Area of (After-School) Day Care

The statewide reduction of Day Care funds from $27 million in October 1981 to $15 million as of February 1982 resulted in a significant shift in services utilization patterns: approximately 20% of AFDC-clients were forced to find alternatives or leave the children with neighbors or family members, or alone. Generally, there seems to be a definite trend toward "gentrification" of day care. Across the state child care is becoming a more middle-class phenomenon and the child-care providers, becoming aware of that trend, increasingly "go after" that population. They can expect higher fees and don't have to wait for the State's or the recipient's AFDC-allocation.

In the past, under Title XX, 150 Day Care Service Workers were available statewide to assist clients in finding appropriate day care providers. Since the shift of the AFDC-Employed and Training Day Care Clients to Title IV-A, these positions have

been reduced to just 24 whose current duties consist of licensing control, and they have no more direct service responsibilities. To understand the impact of this change, the Community Coordinated Child Care (4C) offices of seven Michigan counties (Wayne, Washtenaw, Genessee, Ottawa, Oakland, Kent, and the Grand Traverse Area, accounting for far over half of the population of the state) conducted questionnaire interviews with Day Care Providers in their respective regions. The major findings of that study are summarized as follows. From October 1981 through February 1982, 2,296 children, funded by the Michigan Department of Social Services were in Day Care Centers or Day Care Homes. During that period, 490 DSS-funded children stopped receiving care. As reasons for the withdrawals, 125 parents mentioned the fact of becoming ineligible for AFDC; 87 changed their eligibility-category, and 38 parents were laid off or quit work (9 from the latter category indicated that they had to quit work because of the change in child care reimbursement, forcing them to pay the difference between the DSS-rate and the provider-rate).

From those who changed their day care arrangements, 59 reported to have their children in unregulated care, 15 were cared for by siblings and 14 were home alone; 43 no longer needed care and 19 entered school. Finally, 26 children changed to another licensed center or home, 8 reported to have a babysitter and 7 stayed in the same setting while not being funded by DSS any longer. 299 children (over 60%) of those

who were eliminated from DSS-funding and dropped from day care could not be found. Some statements by surveyed providers are indicative of the shift in emphasis occurring in the field:

- Many providers will simply not accept DSS-funded children because of the paperwork and the delay between service and payment; they are not directly paid by DSS but by the parents, and fear exists that recipients would spend the money for other necessities. Moreover, there is no reimbursement for absence causing an imbalance in the provider's cost structure.
- Several providers indicated that they could not "break even" with costs increasing and reimbursements decreasing; several providers may give up Home Care becaues of the financial pressure.

A closer look at developments in one county illustrates the decline in resources. It also offers some insight into how local program managers formerly succeeded in redistributing available funds within their several programs so as to alleviate inequities and hardships for certain groups of clients. This possibility now is reduced because of the convergence of cuts in basic grants, loss of matching monies and loss of "infrastructural" aid. Grand Rapids, a city of about 500,000 in Kent County in Western Michigan has seen five public Day Care programs severely reduced or eliminated over the last two years. Their scope as well as the reasons for their elimination are characteristic of the current transition.

Since 1975, Grand Rapids has offered a pre-school day care program for families not qualifying for public aid, but lacking resources to pay for private care. The program enrolled 60 children and served 400 over the six years of its existence. A fee was applied ($2.50 per afternoon for 3 afternoons per week, or $17 per month), and no scholarships were available (which is why there was a low rate of AFDC-recipients' participation).

No state or federal monies were involved, and the only public resources used were empty school-buildings and utilities, both part of the city's school budget. The program was cut in 1981 after the statewide reduction in aid for local schools which could not be absorbed out of other local funds.

Another program, the "Clubhouse" was a "true" after-school day care program. It too began in 1975 and was intended to serve as a model for other activities. The program was directed at 6-12 year-olds and was offered in two empty elementary school buildings. Transportation was provided by school bus. The program was semi-structured; children had "quiet time," activities and counseling, and, if needed, help with homework. It essentially was a "compensatory" program, offering a "home" situation to children with working parents.

The program also ran in summer, from 7 a.m. to 6 p.m. Costs were minimal: for 15 hours per week (full-time), the fee was $12; or $1 per hour for part-time enrollment. The program was not self-supporting.

The Clubhouse received DSS-referrals and a large number of participants were AFDC-children, particularly from single-parent families. While the costs for low-income families were entirely subsidized, no other state or federal money was given to the program. The parents had to pay for the service after the DSS-policy changes, which consequently led to a decline in enrollment. In 1980, after initial support by the school system, the transportation costs could not be supported and the service had to be eliminated.

Finally, the Grand Rapids Child Care Program involved 1,000 children whose parents were involved in educational programs (mainly Community Education Parents, finishing high school). Services were offered for those from birth to 6 years of age. The program ran from 8 a.m. to 10 p.m., concurrently in 26 sites, with an average of 15 to 30 children each.

Three major sites provided special services; one for children of refugees (serving approximately 50-80 children per day); one for Hispanic children, concentrating on bilingual education (approximately 25 children); and one serving poor inner-city families, with 25-30 children.

After reductions in several budgets (Title XX, bilingual education, etc.), the program continues to run in a more limited form and without formal licensing. It is indicative of a trend throughout the state--accelerated withdrawal of public funds from subsidiary responsibility for a whole array of discretionary programs intended to equalize opportunities for low-income

families. At the same time, however, private fee-for-service homes or centers are thriving in metropolitan Grand Rapids, especially those serving the better-off. Many not-for-profit centers equally attempt to "diversify" their funding and services, so as to become more independent from governmental money as well as from the service population getting government benefits.

To conclude this section a brief summary of some findings from a 1981 Report by the "Task Force on Family Function and Support" by the United Community Services (UCS) of Metropolitan Detroit might be helpful. UCS is a coordinating and research unit for social agencies serving the "Tricounty Area," including Wayne, Macomb, and Oakland counties, together accounting for about 43% of Michigan's total population; it includes the City of Detroit as well as most of its suburban municipalities. Regarding Day Care for children from 2 1/2 to 6 years old, the report states:

> "Children in this age range sometimes experience a combination of different types of care rather than one single type of care. For example, a parent might use a Family Day Care Home, a babysitter or day care aide in combination with a pre-school program or a day-care center. As this range encompasses the kindergarten child, the combination of school and day-care center or day care home is frequent. Parents who are absent for a full work day use such part-time programs as Headstart, Parent Cooperatives, and Nursery Schools as well as theabove mentioned types of care to and stimulation of a young child's daily experiences."

And further:

> "Center Care for children from 2 1/2 to 6 years of age is more available than for children of any other age. For example, all centers in Detroit, except two part-day centers, serve children 2 1/2 to 6 years of age. In fact, a majority serves only this age group--and the total preschool centers number 217 with half-day programs and 228 with full-day programs. This compares with 55 infants centers and 88 centers which serve "latchkey" (school age) children."

As to the category of 6 - 12 year olds it is mentioned:

> "Parents of children between the ages of 6 and 12, of course, depend on the educational system to care for their children several hours of each day. Before and after-school day care needs are met by a variety of resources which include day care centers, learning centers, recreation programs, and babysitters. Unfortunately, many children in this age range whose parents are out of the home receive no planned supervision upon their return from school. Some parents talk to their children by telephone as a form of supervision. This lack of day care may be due to financial limitations, the unavailability of appropriate resources, or other factors." (p. 46)

Finally, "Youth Care" as an additional area of service is recognized, pointing at the whole array of community recreation programs, cultural programs, sports, job-enhancement and educational programs, which would be needed to serve the needs of the 12-19 year olds. The Task Force believes that

> "These kinds of services for teens have not been adequately developed; and these needs must be addressed for the well-being of our future tri-county population. Much more should be done to help teens prepare themselves for an enjoyable and productive adult life." (p. 47).

It is recommended that UCS "encourage coordinated efforts between community programs, parents, and schools in developing

constructive before and after school programs." Some strategists pursued by UCS staff and volunteers include a campaign to solicit help from employers and from labor. Michigan law already provides tax credits for such employers who would offer child care services for their employees or who would pay for child care expenses of their employees.

Some of the options suggested by child care advocates for the Detroit area were (UCS, 1981:48):

- provide on-site day care facilities (this option seems to gradually become more attractive to employers; several programs are already in place in Greater Detroit and in neighboring counties, e.g., Stride Rite; Wayne County Medical Center--one for patients, one for employees; St. Joseph Mercy Hospital in Ann Arbor; see also: Hiatt, 1982; Friedman, 1982; Churchman, 1983.)
- have a voucher system for employees to purchase their own child care (several employers do this, many through flexible benefit plans).
- allow employee benefits which include flextime, sick-child leave, paternity leave (flextime is offered by such large employers as Aetna, Federal Mogul, Michigan Bell, DSS, GM, Blue Cross/Blue Shield).
- provide business expertise to local programs (i.e., accounting services, tax help, advertising and public relations, management systems, training of child care staff).
- provide parent education resource information.
- purchase spaces from local centers or homes for exclusive use of employees (e.g., the Polaroid Corporation).
- finally, of course, direct contributions to local centers and involvement in political efforts advocating public and/or private provisions for day care.

Many activists and administors believe that this may be the only viable solution to the shortage in extended day-care

provisions: declining public support and the high cost of private, not-subventioned day care make the call for employer intervention not only essential but indeed long overdue. It is increasingly argued that child care ought to be considered part of the cost of labor (see--critically--Baxandall, 1975). Another strategy, developed as a result of the Task Force Report, included the establishment of a "Before and After School Care Committee." After examination of existing programs and staff interviews, it was concluded that "each had experienced some level of resistance to such programs, yet through time and exposure, they became highly successful and gained public support" (UCS, 1982[e]). Partly as a result of these efforts, five school districts in Oakland County offer extended day care programs in school buildings on a fee-for-service basis. Personnel consist mainly of teachers, and most centers are licensed by the Department of Social Services. Fees are between $1 and $1.50 per hour and scholarships are not available.

One other program is offered by a local YMCA; it is located in a school building and is the only one in the area offering sliding fees and scholarships.

Overall, most of the reviewed programs are entirely supported by the families receiving services; thereby excluding many low-income and welfare-families. While the array of (extended) day care provisions hypothetically available to everybody may not have changed, access to them has been dramatically impacted by the fiscal crisis:

> "The possible damage from these changes needs to be monitored in order to make sure that the quality of service to children is not seriously reduced." (UCS, 1982[e]).

Traditional Day Care, and in particular after-school provision is becoming increasingly central to assure not only the reproductive or socialization needs of large segments of the population, but also as a prerequisite for a stable and reliable workforce. Low-income groups and individuals appear to be disproportionally affected by the effects of service reductions: public availability of Day Care services, if not decreasing in general, has become more expensive and hence virtually excludes these constituencies.

Extra-Curricular School Programs

Public schools in Michigan have been very vulnerable because of their extraordinary dependency on the local (property) tax base. As noted before, renewals or increases of tax levies (millages) have to be approved by the local electorate; moreover, fluctuations of assessed property values make it extremely difficult to maintain a long-term balance between revenues and expenditures, particularly when inflation, salary increases, demographic changes and other costs are factored in.

Some single examples of this impact may illustrate the problem at hand. Pontiac (70,000), almost totally dependent on the auto industry, has a school population of about 20,000; millage increases previously had been approved almost yearly and were

so, without any significant taxpayer resistance. From 1974 to 1977 two millage increases were approved, adding $6.75 per $1000 assessed property value. In 1978, however, the request for another increase of $5.45 was defeated. The district had wanted to increase its FY 1978-79 budget from $38 to $40.3 million. It was forced to return to the voters with another proposal limiting its budget increase to $1.3 million. The teaching staff had to be reduced by 60. The 1981 depression actually threatened to shut down the schools indefinitely. All school libraries had already been closed and there were virtually no more arts or physical education programs. The two local public high schools, each serving more than 2,000 students, were left with two counselors (each lost five). All classes were held between the 8 a.m.-1 p.m. practically in two shifts, and imposing such a tight schedule that all extracurricular activities, except, significantly, the high performance sports program, were eliminated. After a heavy campaign by school and children's advocates, and with promises to tighten the budget still more, the millage was approved with a quite assuring margin, given the circumstances.

Paradoxically, a local private (Catholic) high school was and is thriving: it has to turn away applicants and plans to enlarge its premises. The re-activated public vs. private school controversy and the increasingly critical attitude of middle-class parents towards the public school system (which, of course, can only become worse on account of the current

financial situation) is a "vicious circle." As pointed out before, cuts in the state's education budget prevented it from providing the local school districts with "emergency" bail out monies which then led to the kind of sequence of events depicted in Pontiac.

Research in Oakland County (1981) in nine high schools clearly indicates the differences among school districts along economic lines as well as the differences across the private-public sector. Oakland County itself is a study in contrasts: the County is among the 10 wealthiest in the nation, yet its largest town, Pontiac, is among the 10 poorest cities in the nation. Most of the private high schools had an extensive extracurricular program, and many administrators and counselors interviewed expressed some concern that attention to those parts of the overall curriculum threatens to divert from "basics".

Two public high schools from a wealthy town (Birmingham) were in many respects even better than the private ones: they could enlist much more community involvement and considered "extension services" as part of their role of being a "quality" high school. Low-income Madison Heights, by contrast, suffered from a steady erosion in services and was reaching a point where more fundamental cuts in programs were contemplated. Finally, Avondale, needing millage approval from three different municipalities has been able to maintain its relatively high level of extracurricular activities because of the fact that some wealthy communities belong to the district and have con-

sistently supported increases in the tax revenue. This is in part a result of the fact that these small cities and townships have few alternative public resources, giving school facilities high visibility and, hence, diminishing resistance against millage increase.

The Education Office of the State Democratic Party summarized the statewide school crisis as follows: (Hollister, 1982)

- The Alpena school district had closed for several weeks, marking the first school closing for fiscal reasons since the Great Depression;
- The Taylor and Pontiac districts were about to close; vigorous lobbying and the promise of further cuts could ultimately avoid closing in beginning '82;
- Standards for Special Education for the Handicapped had been reduced; permissible age range, permissible teacher load, etc., were increased;
- Termination of state funding for School Social Workers, Psychologists and Aides in Special Education programs not specifically required by law resulted in many lay-offs (estimates fluctuate between 2,500 and 3,500) in local districts being unable to assume the entire financial burden for those positions;
- Many School Libraries had been closed entirely; Librarians were forced to reduce their workloads or they were entirely terminated, leaving the maintenance of the system to volunteers, either teachers or parents;

- Short-term indebtedness of Michigan school districts increased in one year (1981) from $600 to $800 million. Interest rates on school bonds, in anticipation of the tax collection and state aid, still ran between 15 and 18% during most of the year; buyers are increasingly skeptical to invest in school bonds;
- Lunch programs in many school districts have been totally eliminated. The overall increase in school lunch prices averaged between 15 and 25 cents;
- Reductions in the arts and sports/physical education programs had to be made in two-thirds of the Michigan school districts; in one-third, one of them had to be eliminated and about 20% had to cut both programs.

Ultimately, the crisis also reached rather wealthy communities. Ann Arbor, considered to have one of the most sophisticated school systems in the state, had to confront a fiscal crisis of its own.

> "Their (the Board members) choices were precisely two, and both of them, it turned out, were equally unpalatable to everyone: collect more tax monies or spend less." (Ann Arbor News, December 16, p. A1-A2).

The projected deficit for FY 1983-84 is about $2.3 million; to cover this deficit an increase of the property tax rate of 1.32 mills would be needed. Such increases would cost a homeowner with a $70,000 home $46.20 in additional taxes for next year. The actual millage amounts to 33.21 mills, which paradoxically has meant a <u>reduction</u> of 20% from the 40.62 mills

applied during FY 1977-78. The inflationary increase in property valuations over the last four years, largely outpacing the growth of the city's school budget, led to a downward adjustment of the millage rate. (The district could afford to not collect a potential $12,640,000 in taxes because of the millage reductions!).

While the Ann Arbor population has traditionally supported high quality cultural arts and recreational programs, the current situation as well as the declining student population could very well lead to more austerity, even in this preponderantly middle- and upper-class university community.

These examples, in widely varying contexts shows the differential impact of the economic and fiscal crisis. While wealthy communities can continue offering high-quality education and an attractive and stimulating mixture of after-school programs, in particular in the domains of arts and sports, poor and low-income districts can barely maintain a basic program for their student population.

Public Libraries

Public Libraries have been affected by the same fiscal pressures as the schools, and this has forced reduction in the scope and number of activities provided. Library funds had been consolidated in many communities with public school funding, causing a reduction of state funding of about 20% in 1981. In other districts where library funds are still levied separ-

ately, local libraries have been exposed to the same pressures as the public schools.

Since local resources did not increase in most municipalities many library millages were rejected. Even the proposals themselves were measurably reduced in anticipation of a potential voters' veto. Cuts in library programs, hence, were considered and executed as a first option in a great many local areas--Music-Library Media Centers being among the first targets for elimination or reduction.

At this point no complete shut-downs have occurred. This, however, is a likely step in several municipalities for the near future. The Public Library of Ypsilanti, Ann Arbor's poorer neighboring town, was to stop serving its 50,000 inhabitants by March 1983 unless the proposed millage hike was approved (Ann Arbor News, 1983, 4/3).

The Detroit Public Library's budget for 1977 was $14 million, leaving $1.1 million for the book budget; in FY 82-83, the overall budget stayed the same, but the book portion declined to $900,000. Twenty-nine percent of the staff has been cut over the last four years; two branches and the rare book and film library have been closed, and the bookmobile, serving mainly poorer neighborhoods, has been virtually eliminated. However, library usage has <u>increased</u> in most branches and stayed constant in the others. This has occurred despite severely reduced access due to a "pairing plan" which consolidated branches so that one team of librarians would work two days at one location and three at another (McGuire, 1983).

An additional threat to the fiscal propsects of local libraries in Michigan is a change in interpretation of one aspect of the state constitution. According to the constitution, any money paid as penal fines to local district courts must be transferred to the State's 360 libraries. Until now, the courts had to rely for their own operation on "court costs" imposed on defendants. The total sum of penal fines paid in 1981 within the entire state was about $9.3 million. The judges proposed to remove part of the levied fines to reduce the court's own "indirect" costs. If voted into law, many small and medium sized libraries will be in danger. The Michigan Library Association estimated the potential damages as follows: If 50% of the fines were to be removed from the libraries, 58 of them across the state would be closed; if 90% would be removed, 246 public libraries would have to stop operating. The potential impact of such legislation is revealed by the following table (Michigan State Board of Education, 1982).

[Table 6 here]

This, of course, only tells half of the story. There are important distinctions between "rich" and "poor". Here there are dramatic differences.

[Table 7 here]

The dependence on this volatile source of revenue varies markedly and is obviously related with the general tax base of each community and hence to the general economic standing of its inhabitants.

TABLES 6 & 7

Local Public Library Revenues

TABLE 6

Population of Communities ~~Libraries serving Population~~	# of libs	Tot. income in $	Inc. from penal fines in $	% of total income from penal fines
0-2,999	53	606,393	202,844	33.5
3,000-5,999	89	2,271,745	509,488	22.5
6,000-12,999	102	4,948,465	1,285,708	26.0
13,000-24,999	47	5,724,177	760,677	13.3
25,000-49,999	33	10,462,957	1,195,654	11.4
+ 50,000	38	58,977,609	4,463,910	7.6

TABLE 7

Library	Pop. Group	Tot. Income	Inc. from Penal Fines	% of Tot. Inc. from Penal Fines
Ann Arbor	+ 50,000	1,644,808	118,758	7.2
Dearborn	+ 50,000	2,131,096	47,435	2.2
Ypsilanti	+ 50,000	227,943	20,186	8.9
Pontiac	+ 50,000	247,673	33,187	13.4
Alpena	25,000-49,999	146,668	49,865	34.0
Bloomfield Twsp.	25,000-49,999	916,322	14,208	1.6
Brighton	13,000-24,999	123,468	14,335	11.6
Dexter	13,000-24,999	23,425	12,936	55.2
Springfield	6,000-12,999	41,976	2,160	5.1
Pinckney	6,000-12,999	30,232	24,020	79.5

(Michigan State Board of Education, 1982)

[following page 34]

Specific programs for children of the pre-school and school-age groups are still more adversely affected by the fiscal crisis and austerity budgets. According to the Michigan Library Association, if children's services existed at all, they were likely to have been the first to be cut or they were eliminated entirely. Access has been curtailed not only by program retrenchment but equally by the closing of branches in urban neighborhoods or in rural areas (due to consolidation) and the severe reduction in operating hours. By contrast, wealthy cities, like Ann Arbor and Dearborn, still offer numerous "story hours", movies, lectures and classes for children of all ages, and they even increase their services for vacation-time and holidays (Ann Arbor Public Schools, 1983).

It can be concluded--again--that the situation of local libraries and their functioning as a viable and attractive provision of recreational and educational services for children and youth deteriorates selectively and gradually, according to the relative financial strength of the respective constituencies.

Recreation: Public Facilities and Programs

Provision of public recreational facilities and programs are unevenly spread over communities and municipalities. While some wealthy cities or towns in Michigan boast public parks, multipurpose service centers, gyms and pools, others are grossly underdeveloped and their residents must make long trips in order to reach facilities.

Ann Arbor (107,000 inhabitants) has 104 park sites maintained by the Park Operations Division; it operates two golf courses, three pools, two ice rinks/arenas, and has a canoe livery system along the Huron River. The degree to which these facilities are self-supporting increased 10%-15% over the last three years. In 1981 the Department received national awards for its overall performance as well as for the quality of single park sites. An ambitious "Parks, Recreation and Open Space Plan" has been adopted by the City Council, providing a policy document for the acquisition, rehabilitation and development of park and recreational facilities in the city. The Recreation Department, administered by the School District, operates a year-round program for children's and youth sports and athletics, including "Little Leagues," cultural arts and educational groups and workshops as well as a varied Summer Program. Regular fees or tuitions are substantial, but income-related scholarships for particular activities are available on sliding scales. Most programs are self-supporting and there usually is a "rush" to the programs and long waiting lists.

In partial contrast, a recent survey (Schonfeld, 1982) of recreation facilities in Metropolitan Detroit's Tri-County area revealed that many municipalities have no recreation department nor offer any ongoing program: 15.5% of the municipalities in Wayne, 36.5% in Oakland and 22.2% in Macomb County.

The following table illustrates the uneven distribution of facilities and it shows an overrepresentation of Detroit City

in all areas, except for ice sport facilities and outdoor pools (which can be explained by the relative high costs involved in ice sport and the lack of appropriate locations for outdoor pools in central city areas).

[Table 8 here]

Problems facing leisure services in the Detroit area include: the cost-revenue crisis (which creates a "natural" tendency to favor activities that will attract financially well-off consumers to increase fee-for-service provisions, and consequently to exclude low-income families; the decay of many older facilities and the lack of resources to repair them, make them efficient or to replace them; and the competition of commercial providers, who offer more sophisticated programs and facilities and are more able to adapt to changing leisure habits (Schonfeld, 1982 and UCS 1982[d]). Some of the recent changes in federal and state programs disproportionally affected the large urban and central city areas (like Detroit) (UCS, 1982[c]:24):

> ". . . The Heritage Conservation and Recreation Service, a federal agency which addressed many needs of urban recreation centers, was abolished. The Land and Water Conservation Fund was frozen. The Urban Park and Recreation Programs were transferred to the National Park Service already under an "austerity" budget. Coastal Zone Management Funds, through which much of the development along the Detroit Riverfront occurred, were phased out. The Summer Youth Recreation Program, which provided staff and equipment for summer playgrounds in low income areas, was eliminated."

It is possible to illustrate the demand for recreational services by children and youth by reviewing a UCS-sponsored

TABLE 8

Recreation Facilities

County/Region	Multi-Service Center	Service Center	Gym	Indoor Pool	Outdoor Pool	Indoor Ice Rink/Arena
Detroit City (pop. 1,203,339)	10	22	23	11	9	1
Wayne County (43 municipalities w/o Detroit) (pop. 1,134,552)	4	23	13	3	29	18
Oakland County (59 municipalities) (pop. 1,011,793)	2	14	5	1	8	6
Macomb County (26 municipalities) (pop. 694,600	0	9	2	1	3	2
Totals (pop. 4,044,284)	16	68	43	16	49	27

(Pop. are 1980 figures - facilities are 1982 figures)

[following page 37]

Survey of Metroplitan Detroit (1982-d). Although the figures relate to actual use of facilities, some indication as to the level of demand can be derived.

[Table 9 here]

Apparently, recreational demands of children and youth seem to focus on individually performed activities, which suggests that no single organization will be able to meet the variety of recreational preferences of all children. Increased costs of maintaining and adapting public facilities to the changing needs of children and youth (however influenced by advertising and by commercial marketing), will pose major problems for recreational agencies supported by tax dollars and voluntary contributions. Apart from the decline in opportunities for poorer segments of the population, who are more dependent on public low-cost services, providers may have to work with other agencies to stabilize their revenue situation. Within public recreation provisions further use of school buildings, in particular those which were to be abandoned because of declining student enrollment and consolidation of districts, seems a practical notion. As stated by the School-Age Child Care Project (in: Zigler/Gordon; 1982:469):

> "One of the most attractive features of public school partnership models is their effective utilization of existing resources--available school space, federal funding through Title XX and CETA, and parent fees--partnerships optimize the ability to achieve a balance between keeping parent fees down and keeping staff salaries up. Since they have the space available, most school systems have been willing to donate it or rent it on a nominal basis to non-profit organizations

TABLE 9

% of Individuals, 6-17 Years Old, Who Have Ever Participated in Specified Individual Activities

ATHLETICS	
Jogging	30
Walking	47
Gymnastics	21
Boxing	5
Bowling	30
Golf	9
Tennis (racquet ball)	25
Exercise, dance	22
Attend pro sports	40
Attend amateur sports	54
HOBBIES	
Arts & crafts	13
Collecting/garden	31
Drama/theater	10
GENERAL	
Picnicking	72
Going out	79
Auto rides	53
Movies, concerts	77
Browsing in malls	51
Bingo	2
Cards	6
Chess/checkers	22
Electronic games	48
SPRING/SUMMER	
Camping	32
Fishing	48
Swimming	79
Bicycling	76
Motorcycling	8
Boating	23
FALL	
Hunting	5
Other shooting sports	4
WINTER	
Ice skating	34
Cross country skiing	10
Downhill skiing	12
Other	45

% of Individuals, 6-17 Years Old, Participating in Team Activities

Bowling	4
Baseball/softball	16
Golf	1
Soccer	8
Basketball	5
Ice hockey	1
Football	2
Swimming	2
Other	7

[following page 38]

> operating before and after school programs. Likewise, schools have often waived fees for utilities or custodial services, especially if maintenance for the school-age child care program can be managed within the normal routine of the custodial staff."

A UCS-sponsored survey regarding school building use in the Detroit Metropolitan area (Reynolds, 1982) provides pertinent information. Fifty-eight school districts out of 85 (68%) returned questionnaires which yielded the following findings:

[Table 10 here]

The most frequent users of school recreation facilities are Boy and Girl Scouts: 96% of the responding districts offer space for these two organizations. City parks and recreation departments, church groups, ethnic and cultural groups are equally among the more frequent users, while YMCA and YWCA show different degrees of utilization across the three counties.

One crucial aspect of the use of school facilities are time restrictions; they are especially important with reference to the imposition of different fees for custodial services as well as for utility costs. In as far as children's programs are concerned, it appears slightly more difficult to obtain facilities during the "prime time" (3-6 p.m.) for after-school activities. Moreoever, considerable summer-time restrictions limit vacation programs for youth and children.

All school districts charge fees, applying different scales, related to the nature of the group requesting utilization. Eighty-six percent of the responding districts charge "sometimes" and the remaining 14% "always". Fee categories

TABLE 10

Facilities in Michigan Public Schools, Available for Use by Other Organizations

Number of Districts with Certain Facilities Available		
	Yes	No
Classrooms	55	1
Auditoriums	53	3
Multi-purpose rooms	55	1
Kitchens	52	4
Swimming pools	44	12
Gyms	55	1
Athletic fields	51	5

(figures are # of districts; # of facilities are higher)

[following page 39]

imposed by the districts are: school sponsored activities (usually no fee), school-community functions (nominal charges for facility plus custodial charge), and special interest groups (charges). Most provisions of concern in this paper falls into the second group, which potentially leads to what the School-Age Child Care Project anticipated (in: Zigler/Gordon; 1982:470):

> ". . . unprecedented rises in energy costs are forcing schools to take a second look at what they make available for day care or any other community service.
>
> . . . When combined with cutbacks in both Title XX and CETA, under the Reagan Administration, similar changes throughout the country are likely to force parent fees up even further, prevent program expansion, and restrict the participation of low-income families."

The increasing pressure on schools caused by declining enrollments and fiscal constraints led to the abandoning of at least 55 school buildings in the Detroit Metropolitan area. Almost 50% of all districts have at least one vacant school. Districts are responsible for tax debts and for keeping the buildings in reasonably good condition. Most of them are thus hard-pressed to find additional revenue to cover the costs and will look to do so--wherever reasonable--by means of marketing their assets. It seems significant, then that communities with less adequate facilities (such as Pontiac-City or Madison) do not report any use of schools, while most after-school day care provision in schools are offered in rather wealthy localities (Reynolds, 1982).

Recreation in Voluntary Not-For-Profit Agencies and Organizations

An assessment of agencies such as the "Y's", the Girl and Boy Scouts, the Girls' and Boys' Clubs, and community centers led UCS to the following conclusion (1982[c]: 25):

> "Many of these agencies face particular difficulties in maintaining old and deteriorating buildings in neighborhoods where interest in membership and participation is low. Many have depended on CETA-funded staff or volunteers who are no longer available, and many are specialized to serve a youth population which continues to decline. Many also emphasize socialization or informal educational values in a society now undergoing drastic changes in values, needs, and interests."

Poorer neighborhoods are hardest hit by reductionsin public funds supporting voluntary agencies. The Southern Downriver part of Wayne County, for example, facing a deteriorating labor market for several plants have shut down, has no "Y", nor Boys' or Girls' Clubs. The services are provided on an outreach basis through the Downriver Human Service Center. The increasing number of empty schools in that area cannot be equipped as recreational multi-service centers because of the lack of funds.

Overall participation of children in organizations and clubs within the Metropolitan Detroit area is summarized in the following table (UCS, 1982[d]:7):

[Table 11 here]

The statewide 50% reduction in "Donated Funds" from Title XX

Block Grants was important in this context because many voluntary agencies in counties and cities were heavily dependent upon these funds. From the original $3.4 million, $1.7 million were left. Counties receiving those funds previously had to "match" them from their own revenue at a rate of 25%. This requirement, however, was dropped, so that many agencies lost about 67% or even all of their funding (MDSS, 1982). Agencies which were most affected include 17 local Big Brothers/Big Sisters involved in day care/baby-sitting/recreational and guidance programs. Seven school districts lost money for extracurricular and counseling services, and at least 12 Child Care Programs lost virtually all of their subsidies, many of them located in depressed areas where no other similar services are available.

It should, finally, be understood that the differential impact of budget reductions on voluntary/not-for-profit agencies varies widely from community to community. In relatively wealthy areas, services offered the "Y's" for example can easily compete with those of commercial providers, while offering high quality and up-to-date programs (like aerobic dance, exercise classes, etc.). Others continuously struggle for survival and will either have to increase user's fees or reduce services for their already underserved poorer constituencies. Without redistributional interventions, the situation in those communities is likely to deteriorate further (UCS, 1982[c], p. 48).

Commercial Services

Again, some selected data on Metropolitan Detroit, taken from the previously mentioned UCS-Survey on Recreational Activities (1982[d], p. 7):

[Table 12 here]

The reason for reporting these data (as they do not directly pertain to the age group of interest here), is that they clearly indicate the direction in which the recreational pattern is developing. The City of Detroit has virtually no participating households in these kinds of commercial programs, while the wealthy suburbs in Wayne and Oakland counties represent the bulk of consumers of these services.. This led UCS (1982[d], p. 26) to the conclusion:

> "Middle and upper-middle class families are generally meeting their leisure needs through private expenditure. Consequently, the tendency is to resist major expansion of recreation and park programs unless they are perceived as meeting direct needs."

In as far as children's and youth's consumption of commercial services is concerned, they generally follow the expenditure patterns of the adult population, as they are marked by class and income divisions. The fast-growing popularity of electronic games (as represented by the aforementioned 48% of 6-17 year-olds using them) will push the poorer segments of the population to the commercial arcades, while the better-off will be able to purchase home equipment. Consequently, most of the private commercial arcades are found in Detroit City, rather than in the suburbs.

TABLES 11 & 12

Household Participation in Various Nongovernmental Recreation Organizations and Activities

Table 11 Youth Organizations

% of participating households active in specified clubs or organizations in the past year by area

Club/Organization	Total Area	Detroit	Suburban Wayne	Oakland	Macomb
YMCA/YWCA	7	11	9	5	-
Boy/Girl/Cub Scouts	7	9	2	9	5
Little League	3	-	7	2	5

[referenced on page 41]

Table 12 Adult Organizations

% of participating households active in specified clubs and organizations in the past year, by area

Club/Organization	Total Area	Detroit	Suburban Wayne	Oakland	Macomb
Vic Tanny (exercise)	7	-	14	9	5
Raquetball Club	5	-	5	7	9
Country Club	4	-	9	4	-
Silhouette American (exercise)	2	-	2	4	-

[referenced on page 43]

Some Developments in Related Fields

There are some related developments in other agencies which are tangentially related to our area of interest. One study carried out by the Public Health Student Association of the School of Public Health at The University of Michigan in Ann Arbor (1982), attempted to assess the impact of budget cuts on 42 public and private Social Service and Health Agencies in Washtenaw County over the period 1980-82. At least 10 of these agencies were directly or indirectly involved with the kinds of srrvices discussed here.

Of 26 agencies reporting on their budgets:

46% (12) reported a cut or no increase;

27% (7) reported an increase under 10% of the 1980 baseline;

27% (7) reported an increase above 10% of the 1980 baseline.

Given inflation during the period, almost half of all agencies (19) have lost funding in real terms. Not all service categories were equally affected by the cuts. Most agencies with reductions clustered in the "general service" category (including welfare, legal aid, child care, housing and counseling). Emergency food services and treatment provisions generally experienced some increase in funding, which partly confirms the expectation that in times of financial hardship more emphasis is given to "basic services." While most reductions occurred in agencies funded by federal or state monies, those with revenues from private sources generally showed an increase in that funding. Most of the private funds, however, were directed to

emergency services, and their increase did not compensate for the loss in public funds in the "general" area of service delivery.

Cuts in staff positions and salary or benefit reductions were reported in 46% of the agencies. Increasing the number of volunteers has been another way to compensate for lost manpower, which, of course, put more responsibilities on the remaining paid staff. Over 30% of the agencies reported that these budgetary reductions reduced their capacity to serve clients, and over 50% reported that budget cuts in other agencies affected their ability to provide services. Finally, 45% of the agencies eliminated services and 40% reported that the abandoned service areas were not taken over by other agencies. At the same time, 7 agencies reported having increased their client fees, which again had the most negative impact on low-income and poor clients.

An assessment of the statewide impact of both recession and funding cuts on voluntary human services agencies that received funding from the United Way of Michigan or from the 27 local United Ways in the state's Metropolitan areas has been made by the Michigan League for Human Services. Information was gathered about the period 1980-82 covering 285 agencies evenly spread over the whole of the state's territory.

Widespread "agency distress" was reported, indicated by funding loss (1/3 lost money in absolute terms; 2/3 lost financial resources if inflation was taken into account); almost 60%

of the agencies could not cover their annual expenditures and had to implement emergency measures; almost 50% lost at least one staff position; 44% had insufficient funding to maintain levels of service delivery during both of last two years; finally, 2/3 were not able to meet the demand for at least one and on the average four of their services.

The major factor contributing to the distress and disruption of agencies was change in government policies and funding. The potential impact of cuts in public monies is pervasive: 2/3 of the agencies depended for an average half of their revenues on government dollars, and 60% of those agencies (or about 40% of the total) suffered reductions; both state and federal monies were reduced and not only by direct funding cuts, but equally through policy changes and other decisions. While government funding had usually been categorical in nature the impact of the cuts focused heavily on certain agency-services, and could not be distributed across the board: most frequently and severely affected were employment and training, mental health counseling services, foster care, residential care, services for the elderly and protective services.

Another indicator of the impact of the budget reduction is the growth of the demand for services by a changing clientele. Over 80% of the agencies experienced a significant increase in demand for their services over the last three years. The increase in demand concentrated on meeting basic needs (food, heat, utilities, financial aid). Over 3/5 of the providers

reported that the demand doubled over the last three years. The number of certain groups of clients exploded: agencies reported seeing former welfare recipients and "new poor" four times more often than previously, three times "working poor" and double the number of recently unemployed and welfare recipients. It was felt that the surge in the number of former recipients was a direct result of the more restrictive federal and state rules for welfare eligibility. Finally, over 3/4 of the providers could not meet the increased demand for heat and utilities, over 2/3 for employment and training and over 50% for housing repair, emergency financial aid, transportation and mental health services.

Responses to the funding and demand "squeeze" usually involved reducing the number of services and staff (in about 50% of all agencies), on retargeting or shifting services from low- to high-priority areas of demand and on seeking additional funding from old sources or from additional ones.

In as far as the future is concerned, some disturbing problems can already be anticipated. The limitation in funding continues for a fourth year through 1983. Even United Way funds available in Michigan only increased by .2% over 1982. Secondly: (MLHS, 1983:7)

> ". . . , the nature of human needs continues to change as the recession continues. A disturbing figure, the increase in Michigan's annual suicide rate for 1982 to 14.0 per 100,000 population (up from 12.6 in 1981) reflects the growing need for services and trained staff to resolve cumulative, entrenched problems.

> While the immediate need in the past has been and continues to be for food, shelter/heat and the other necessities, individual and family stress have now accumulated to the point of crisis for growing numbers of people."

While many of the aforementioned developments are parallel to those reported in national surveys (e.g., the US Conference of Mayors, 1982; the Campaign for Human Development, 1982), the intensity of the crisis and its effects seem indeed devastating in Michigan.

The above figures do not allow us to draw direct conclusions for the services and programs for school-aged children which are central to this paper. They do, however, illustrate one important point: when the level of distress becomes as basic as these surveys indicate, and when survival becomes as basic an issue as is suggested, "supplementary" programs like those of special interest to us here may be the first to be reduced, if not entirely eliminated.

Implications and Outlook

On the most general level, some conclusions can be drawn about political and economic structures and processes and their impact on the children of Michigan. "Stagflation" has caused, both directly and indirectly, a decrease in federal and state revenues. Public expenditures for infrastructure, for investment and consumption incentives have dropped, resulting in an erosion of general welfare and the quality of life for large segments of the population.

Inequities among the geographical-political sub-units of government are not systematically addressed or alleviated by current redistributive policies. On the contrary, the condition of public services has been affected by decreasing aid from "higher" level governments, resulting in a process of "delegating" costs towards the lower levels of governance and to the structurally disadvantaged areas and populations. Examples of such processes include the New Federalism--policies for the nation as a whole; the disproportionate distress of Michigan and other states belonging to the old "industrial heartland"; finally, the "exploitation" of central cities by the surrounding suburbs. Most importantly: the costs of downward fluctuations in the economy are delegated directly (in terms of unemployment, benefit reductions/cuts, etc.) and indirectly (in terms of social and psychological costs) to the lower strata of the population, in particular to the disadvantaged, the "working poor", the "new poor", single mothers, the unemployed and the welfare population, and the dependent children of these groups. The increased needs of former and new dependent populations cannot be met adequately, in turn leading to short- and long-term vulnerability and hence "chronic" dependency. Finally, and resulting from all of the above, programs and services are being "thinned out" selectively, as financing and constituency-specific priorities change.

Michigan, one of the states with "depression-like conditions" (Milliken and Reagan in 1982) proves to be a dramatic case in point. The vicious circle of economic crisis--unemploy-

ment; eroding tax-base due to unemployment, plant closings and general resistance to taxation; federal actions exacerbating the absence of a meaningful redistributional mechanism across the states, and straight cuts in federal programs, designed to help local administrations cope with increasing demands for help in times of distress--all converged to bring the state to the brink of bankruptcy.

As described above, redress for the immediate financial situation could only come from in-state reserves, which was primarily done by reducing expenses for "non-essential" programs, services and provisions. This then led to a substantial unraveling of the social safety-net. The result has been, both on the aggregate level and on the level of "mediating agencies" to shift the emphasis of service delivery to emergency needs, withdrawing resources from lesser priorities. Education, other socialization services, recreation and leisure, mental health and health services, have been the major "victims" within this process.

Looking into Michigan's future, it can certainly not be assumed that budgets and programs will be restored soon. Moreover, the public infrastructure for service delivery has been damaged to a great extent. Reducing staffing by 12,000 will not be compensated for within the next few years, particularly when one considers the amount of expertise and professional experience that has been lost.

Finally, given the pressures against taxation and the general demographic developments, which are basically counter-

productive to all attempts to increase public funding for children's programs (Pifer, 1980) and ancillary services in particular, powerful local constituencies will continue to oppose provision of these services let alone their restoration or expansion.

The need for after-school care in the various forms discussed above is quite obvious and acknowledged. There is agreement too, however, that such programs, with a generally low priority but with some public funding in "good" times, would be among the first to be cut or eliminated in a period of fiscal austerity. In particular those ancillary services which are entirely or partly supported by public money are targets for reduction, hence severely limiting accessibility to low-cost provision for low-income groups.

The need for after school care has never been adequately recognized: while needs "assessments" abound, and some expensive pilot-projects have been initiated, the implementation and institutionalization of programs has been minimal. In particular, welfare and single parent households as well as two earner families are hardest hit by fiscal retrenchment and program reduction. Demand for all kinds of public services has been increasing, including the demand for (extended) day care. The depressed conditions of the economy, in particular the high unemployment levels in Michigan, have prohibited any possibility for finding additional income from work. Long-term opportunities for income improvement are often out of reach, since they

require either mobility or training, which again presupposes the availability of affordable day care.

So, the only strategy left to many families has been to recur to other forms of help, including moving in with relatives, day care by older siblings, latch-key arrangements, and the like (this trend became especially obvious in the course of fieldwork done by the author for a Michigan-wide survey, on the matter of being cut off from AFDC-benefits).

Finally, there is the question of what is to be done to not only save the existing services and programs for after-school day care, but to increase their number and accessibility to those who primarily depend on them. While interviews with program administrators and coordinators left no doubt about the need for after-school services, strategies for their survival were rather limited. They ranged from more involvement on the part of schools, with both facilities and personnel; to the possibility of involvement of the elderly, which is already done by some private agencies. Increased involvement of employers could be an important source of day care resources for employees, although there are some strong arguments against it (Baxandall, 1975).

It does not seem appropriate to count too much on support from United Way or Community Chest experiences: those organizations are usually more interested in programs with a high visibility and low cost (not necessarily features of after-school day care). It could become part of the bargaining package

of unions (see AFSCME, 1982), before governmental or public funding are chosen (except, perhaps, as part of school budgets). Furthermore, perhaps funds for discretionary programs should not be drawn from property taxes, but from sales taxes, as a means of redistributing resources. The latter suggestion, of course, is quite controversial, and deserves close examination as to its redistributional effects. Most federations and agencies interviewed for this paper were trying to reverse the trend from "overdependency" on government funds, which leads to the kind of vulnerability that is being experienced these days.

The choice of funding mix and program content must of course remain in the hands of the direct providers and their constituencies and they should not overly be limited by a whole array of regulations.

On the other hand, the obvious disparity in provision along the income groups and geographic areas certainly demands that the state maintain its primary commitment to a more equitable distributional infrastructure. Too much attention for alternative funding sources would again distract from more basic questions of inequality (Grubb and Lazerson).

Hopefully it will become clear that the available options in service-delivery--not only those for children--have distinct meaning at all levels of the society that it will lead to more equality and justice for all. In any case, Michigan's situation over the next few years will become nationally sym-

bolic of the way states in fiscal distress come to address the needs of children and families.

Informants and Their Institutional Affiliation

Children's Defense Fund, Washington, D.C.; Ellen Hofman.

Community Coordinated Child Care of Kent County, Grand Rapids; Lynn Parks, Emily McKenty (formerly).

Community Coordinated Child Care of Genesee County, Flint; Jan Van Nieuwenhuys.

Council for the Arts, Detroit;

High/Scope Educational Research Foundation, Ypsilanti; John Beruetta-Clement, John Kyle.

Drake, Douglas, Staff Director House Taxation Committee, Lansing.

Hollister, David, Michigan House Representatives, Lansing; Doreen Radke-Boyd, legislative assistant.

Michigan Department of Education, Lansing; Nancy Hass, Muriel Van Tatten.

Michigan Department of Public Health, Lansing; Jeffrey Taylor.

Michigan Department of Labor, Lansing; Charles Altman.

Michigan Department of Social Services, Lansing; Bill Hankins, Day Care Unit; Joe Slegel, Food Programs.

Michigan Department of Natural Resources, Lansing; John Adams.

Michigan Federation of Private Child and Family Agencies, Lansing; Gerald Hicks.

Michigan League for Human Services, Lansing; Herbert Yamanishi, Sharon Woollard, Pat Sorensen.

Michigan Library Association, Lansing; Marianne Gessner.

National Campaign for Child Care for Working Families, Washington, D.C.; John Kyle.

United Community Services of Metropolitan Detroit, Detroit; Candace Spaulding, Paula Shoecraft-White.

Washtenaw County, Board of Commissioners, Ann Arbor; Mary Egnor, Don Duquette.